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SUBJECT: CALDERON'S 100 ACTIONS

REF: MEXICO 2577

Classified By: Acting Econ Chief Jonathan Kessler
for reasons 1.4 (b) and (d)

¶1. (SBU) Summary. Only a few days prior to the Presidential election Felipe Calderon, candidate of the National Action Party (PAN), presented 100 actions that he will take during his first 100 days as president. These actions divide into five main themes: public security, economics, equal opportunity, development, and effective democracy and responsible foreign policy. His proposals include energy, fiscal and electoral reforms, yet he fails to address greatly needed labor reform. Additionally, he offers to grant autonomy to the Public Ministry, improve the justice system, promote security, institute a life sentence for kidnappers, work to eradicate addiction and piracy, and improve support for abused women and children, among other proposals. End Summary.

Energy, Fiscal and Electoral Reforms

¶2. (SBU) Calderon announced that he would negotiate with Congress to allow Pemex to create technological associations with businesses for exploration of deepwater oil fields and to allow for complementary investment in the refinery and petrochemical sectors. Additionally, he proposes to boost natural gas production by thoroughly revising some existing projects such as those in the Burgos Basin and provide greater resources to those projects that are more likely to increase production. He promises to install an independent auditing company in both Pemex and CFE to clean up both state companies and guarantee transparency.

¶3. (SBU) Without specifics, Calderon proposed to negotiate with Congress a reduction in the tax rate applicable to rent and simplify taxation.

¶4. (SBU) Calderon calls for an electoral reform to shorten the length of political campaigns and lower the funding destined for political parties.

Employment and competitiveness persists as his main focus

¶5. (C) As expected, most of his proposals fall under the economic rubric with special emphasis on boosting employment and competitiveness, while preserving macroeconomic

stability. He offers to reduce bureaucratic expenses by revising the federal government's administrative structure to eliminate redundancies. He intends to promote equal employment opportunity through fiscal incentives to businesses and to strengthen financial support for small and medium-size businesses, though he fails to provide specifics as to the amount of incentives slated for businesses or by what percentage bureaucratic expense will be reduced.

¶6. (C) Telecommunications. Calderon promises to define the technical and economic aspects that will allow local number portability in the second semester of 2007. He will act on the CFC's recommendations to eliminate regulatory barriers and allow a complete convergence in all telecommunication related services. Again, Calderon fails to address how he will do this. Moreover whether he will promote competition in this sector remains in doubt.

¶7. (SBU) Infrastructure and Agrarian Development. In infrastructure he promises to continue highway and hospital construction already in progress, specifically on highways in the Southeast and seven hospitals throughout the country. A plan to reduce agrarian production costs to U.S. and Canadian levels would be articulated to prepare for the elimination of tariffs in 2008. Calderon intends to reduce migration to the U.S. through the promotion of agricultural programs that guarantee earnings to farmers for their crops, increase credit to young farmers to facilitate the acquisition of parcels and provide technical assistance and education in order to improve productivity and innovation.

Health, education and poverty reduction

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¶8. (SBU) Calderon offers to provide medical insurance to all newborns after the first trimester of 2007, to send small medical units to the rural communities in the states of Oaxaca, Guerrero and Chiapas, to endorse campaigns for disease prevention and health education, and to increase the supply of medicines in hospitals and clinics throughout the country.

¶9. (SBU) Calderon stresses that education is an essential area that needs to be improved. He proposes to increase the budget destined for government scholarships to more than 7.5 million children, boost security in schools with the participation of the entire community, and enhance education at university level and for advanced degrees.

¶10. (SBU) To reduce poverty he intends to develop a support program to facilitate and provide housing for poor families. He intends to subsidize electricity destined to the poorest families in the country and to promote the construction of water plants in Mexico City.

Comment

¶11. (C) Attempting to obtain a majority of the undecided votes and concerned about a slight drop in the polls, Felipe Calderon presented his most detailed proposals with only a few days remaining before the presidential election. The timing of this release suggests his concern over the negative impact created by Lopez Obrador's allegations that Calderon had worked his influence while in office to divert state contracts to his brother-in-law. Despite the detail presented in the proposals, Calderon failed to explain from where or how he intends to fund many of these initiatives, and thus, their effectiveness remains questionable. Additionally, we question Calderon's ability to accomplish these actions in 100 days since 31 of the 100 actions would require either Congressional approval or negotiation with Municipal and

State governments.

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